

# MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

*Exchange of notes at Vienna July 2, 1948*

*Entered into force July 2, 1948*

*Expired in accordance with its terms*

62 Stat. 2876; Treaties and Other  
International Acts Series 1820

*The American Minister to the Minister of Foreign Affairs*<sup>1</sup>

AMERICAN LEGATION

*Vienna, Austria, July 2, 1948*

No. 58

SIR:

I have the honor to refer to the conversations which have recently taken place between representatives of our two governments relating to the territorial application of commercial arrangements between the United States of America and Austria and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in Western Germany, the Free Territory of Trieste, Japan or Southern Korea, the Government of Austria will apply to the merchandise trade of such area the provisions relating to the most favored nation treatment of the merchandise trade of the United States of America set forth in the Treaty of Friendship, Commerce and Consular Rights, signed at Vienna, June 19, 1928,<sup>2</sup> and agreement supplemental thereto signed at Vienna, June [January] 20, 1931,<sup>3</sup> or, for such time as the Governments of the United States of America and Austria may both be contracting parties to the General Agreement on Tariffs and Trade, dated October 30, 1947,<sup>4</sup> the provisions of that agreement, as now or hereafter amended, relating to the most favored nation treatment of such trade. It is understood that the undertaking in this paragraph relating to the application of the most favored nation provisions of the Treaty of Friendship,

<sup>1</sup> An identical note, addressed to the American Minister, was signed by the Minister of Foreign Affairs, Karl Gruber, on the same day, July 2, 1948, at the time of the signing of the Economic Cooperation Agreement between the United States and Austria (TIAS 1780, *ante*, p. 404).

<sup>2</sup> TS 838, *ante*, p. 341.

<sup>3</sup> TS 839, *ante*, p. 372.

<sup>4</sup> TIAS 1700, *ante*, vol. 4, p. 641.

Commerce and Consular Rights and agreement supplemental thereto shall be subject to the exceptions recognized in the General Agreement on Tariffs and Trade permitting departures from the application of most favored nation treatment; provided that nothing in this sentence shall be construed to require compliance with the procedures specified in the General Agreement with regard to the application of such exceptions.

2. The undertaking in point one above will apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most favored nation treatment to the merchandise trade of Austria.

3. The undertakings in points one and two above are entered into in the light of the absence at the present time of effective tariff barriers to imports into the areas herein concerned. In the event that such tariff barriers are imposed, it is understood that such undertaking shall be without prejudice to the application of the principles set forth in the Havana Charter for an International Trade Organization<sup>5</sup> relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany, Japan or Southern Korea referred to in point one above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in point one for the Government of Austria to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of Austria determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Accept, Sir, the renewed assurances of my highest consideration.

JOHN G. ERHARDT

The Honorable

KARL GRUBER,

*Minister of Foreign Affairs,  
Vienna.*

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<sup>5</sup> Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49* (S. Doc. 123, 81st Cong., 1st sess.), p. 391.